CENTRAL INTELLIGENCE AGENCY

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Flour Milling Industry

1. It is estimated that a total of 100,000 tons of coal will be consumed by the Hungarian flour milling industry during 1949. Most of Hungary's flour mills date from the Austro-Hungarian Monarchy and have a combined capacity which far exceeds the requirements of present-day Hungary. The largest mills including Aranka Gőzmalom R.T. and Schmidt és Császár R.T. are located in Budapest. A number of smaller mills are equipped with oil separators, but at the beginning of the second world war ~~the~~ Hungarian Government prohibited their use as an economy measure. Flour mills equipped with their own power plants have been ordered to collect soft pitch (kátrány) derived from burning coal, but the industrial technique of preserving this by-product has not been developed satisfactorily, and the Hungarian milling industry is not a significant source of soft pitch for the chemical industry.

Rubber Industry

2. An estimated 30,000 tons of coal will be used by the Hungarian rubber industry in 1949, 90 percent of which is to be allocated to Magyar Ruggyantaárugyár R.T., Budapest X, Kerepesi ut 17, and 10 percent is to be distributed among the Budapest firms, Hungaria Gummitextil -es Kötszergyár R.T., Dorogi Testvérek Dr és Tuschak R.T., and other small rubber processing plants. Magyar Ruggyantaárugyar R.T. uses a blend of 30 percent Tata coal with a caloric value of 5,000 and 70 percent Nógrád coal with a caloric value of 3,200 to 4,000. The firm manufactures automobile tires and other basic rubber products under the trade name "Cordatic". During the second world war, this plant processed large quantities of artificial rubber, but [redacted] none has been manufactured in Hungary since 1944. Construction of the Első Magyar Vegyiművek R.T. plant in Rákoskeresztúr, a subsidiary of Magyar Ruggyantaárugyar R.T., was completed in 1943 originally intended for the production of artificial rubber by an alcohol process, but is now being converted to the manufacture of chemicals. At present, all the raw rubber used by Hungarian industry is imported by truck from Amsterdam.

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Leather Industry

3. It is estimated that the Hungarian leather industry will use a total of 50,000 tons of coal during 1949. The two largest Hungarian leather factories, Wolfner Gyula és Társa R.T. and Mauthner Testvérek é Társai R.T., are located in Ujpest. Other leather factories are located in Pécs, Székesfehérvár, Bickse, Tata, Szombathely, Debrecen and Simontornya. The Wolfner factory consumes an average of 1,400 tons of coal per month, 50 percent of which is Tata coal with a caloric value of 5,000 and 50 percent Kisgyör er Nógrád coal with a caloric value of 4,000. The Mauthner factory uses a monthly average of 800 tons of the same type of coal. Other leather factories use coal from the mines nearest to their plants; for example, the factory in Pécs is supplied by the Pécs mine, the factory in Székesfehérvár by the mines at Tata and Kisgyör, the factory in Szombathely by Tata, the factory in Debrecen by Borsód, and the factory in Simontornya by Mányok. None of the Hungarian leather factories are producing at full capacity because present supplies of raw hides are insufficient and are not being supplemented by imports. The Elso Magyar Cserzöanya Gyár R.T., produces tanning material partly from local and partly from imported raw materials. During the second world war Hungary imported tanning materials from Germany.

Smaller Railroad Systems

4. An estimated total of 10,000 tons of coal will be consumed by the smaller Hungarian railroads in 1949. Aside from "MAV" (Magyar Állam Vasutak, Hungarian National Railroads), there are a number of small railroad systems such as the Györ-Sopron-Ebenfurt, the Alföldi Gazdasagi Vasut, and the Debrecen-Nyirbátor lines. The largest of these railroads is the Györ-Sopron-Ebenfurt railroad which uses a monthly average of 750 tons of coal, 50 percent of which is obtained from Tata and 50 percent from Brennberg. The railroad line uses gasoline for express passenger trains.*

Gas Works

5. An estimated 40,000 tons of coal will be consumed by the Hungarian gas works during 1949. Prior to 1945, all coal used in the production of gas was imported, with the exception of that used at the gas and coke works of Pécs and the Budapest Székesfövárosi Gázmüvek, both of which used Dorog nut coal. Since 1945 Hungarian gas producers have not been able to import coal from the Ruhr and Silesia and have been forced to convert to Hungarian coal. Although Polish coal is now available, Hungarian gas works are continuing to use Hungarian coal blended with some Polish hard coal. This blend has been used most successfully by the gas works of Budapest, Szeged, and Miskolc, but the gas produced burns at a lower ignition point. The mines at Pécs and Komló furnish the most satisfactory coal used by Hungarian gas works. Komló coal can be used immediately, but Pécs coal must be washed before use. The gas works in Györ and Debrecen, which were destroyed during the recent war, have been partially rebuilt. The Debrecen gas works allegedly has had some success in experiments with Borsód coal. These experiments were made according to a new Hungarian process, which its inventors tried to sell in Switzerland during 1947. The gas works in Budapest and Pécs receive 90 percent of the coal allocated to Hungarian gas producers. Both of these plants are equipped with pitch distillers (kátrány lepárló), and produce asphalt, fuel oil, saturation oil (telitö olaj), cooking gas and chemicals. The quality of the gas produced at the works in Budapest is improved by blending it with natural gas from Lispe, which is shipped to Budapest in siphon tanks. Hungarian gas works have been fairly successful in using Hungarian coal, but a very poor quality of coke is produced and only a small percentage can be classified as nut or lump coke. Most of it is powdery and cannot be marketed in Hungary, because very few heating installations are equipped to use it even in a blended form. During the winter of 1946-47 attempts to use coke powder in brickett form proved unsatisfactory. As yet Hungary has not produced a coke which could be used in blast furnaces. To remedy this situation the five-year plan provides for the construction of a large coking plant in the Mohacs region which will use coal chiefly from the Komló mine.**

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Machine Construction and Tool Industries

6. It is estimated that a total of 1,800,000 tons of coal will be consumed during 1949 by the machine construction and tool industries. [redacted] 25X1
25X1 [redacted] the greater part of coal allocated to these industries will go to the Mannfred Weiss Works, the Diosgyör factory of MAVAG (Magyar Állami Vagon és gépgyár R.T., Hungarian National Railroad Car and Machine Factory Company), the Rima iron works in Ózd and the Ganz és Társa Villamossági, Gép-Waggon-és Hajógyár R.T. firm in Budapest.

7. During the recent war, the Mannfred Weiss Works were expanded and improved extensively. The Csepel power plant received a new Sulzer boiler designed for powder coal, an aluminum ore reduction plant and rolling mill was built, the Dunai Repülögépgyár R.T. aircraft plant, a Manfred-Weiss affiliate, was constructed for production of aircraft engines and assembly of aircraft, and facilities for the manufacture of munitions were improved. All of these wartime additions to the Mannfred Weiss Works except the aluminum factory were either destroyed by bombing or have been removed as reparations. The Sulzer boiler, which was seized by the Soviet Army, has been replaced by a powder coal boiler made by the Hungarian firm, Röck István gépgyár R.T. The munitions section was destroyed by bombing. The equipment of the Dunai Repülögépgyár R.T. aircraft plant was partially destroyed by bombing and the remaining facilities have since been removed. The machinery from the aluminum rolling mill is now at the Skoda Works in
25X1 Czechoslovakia. [redacted] at the end of 1948 the Mannfred Weiss Works had attained the 1938 level of production, or 70 percent of its 1943 output. During the months of January and February 1943, the total amount of coal consumed daily by the Mannfred Weiss Works reached a maximum of 1,400 tons. At that time, the power plant alone used a daily maximum of 1,000 tons of blended coal consisting of 80 to 90 percent Dorog powder coal, occasionally supplemented by Tata powder coal, combined with 10 to 20 percent Nógrád powder coal with a caloric value of 3,200 to 3,600.*** An additional 350 to 400 tons daily were consumed in another section of the plant, consisting of a blend of one third Dorog or Tata coal and two thirds second-grade Borsód, Nagybátony, Nógrád or Várpalota coal. [redacted] unable to estimate the total coal consumption of the Mannfred Weiss Works 25X1
25X1 for 1949, but [redacted] the daily consumption will average approximately 800 tons.

8. By the end of 1949, the Mannfred Weiss Works was manufacturing all its standard pre-war products with the exception of radiators, refrigerators and boilers
25X1 for household heating. [redacted] the domestic market for some of these products, particularly small electric motors and bicycles, is saturated and that the efforts of the Central Directorate of Heavy Industries (NIK) to find export markets are meeting with little success. [redacted] 25X1
obsolete equipment in the Mannfred Weiss plant and absence of products with standard specifications make it increasingly difficult for the firm to compete with the products of western firms. [redacted] the quality of pipes 25X1
manufactured by the Mannfred Weiss Works is particularly poor. In the summer of 1948, engineers at the Dunai Repülögépgyár R.T. aircraft plant were ordered to submit their specifications for essential equipment needed to begin production of aircraft engines on a part-time schedule, but [redacted] 25X1
nothing further about this project.

25X1 9. [redacted] all departments of the MAVAG plant at Diósgyör ~~plant~~ are operating with the exception of the department manufacturing firearms. During the months of January and February 1943, the maximum daily coal consumption was 1,000 tons but the factory now uses an average of 700 tons of Borsód coal per day. Coal is shipped to this plant by trucks from the Perecse mines and by rail from the Borsód mines. The plant also uses soft pitch (kátrány) and soft pitch oil (kátrány olaj) for fuel. Hungarian locomotive production is now centered in the Budapest MAVAG plant which receives a monthly allocation of 2,000 tons of 20 to 80 millimeter Borsód coal. Some locomotive parts are still manufactured at Diósgyör because the Budapest plant has not been completely rebuilt. The MAVAG plant in Györ produces railroad cars and bridge construction materials.

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10. There are three different manufacturing units of the Ganz és Társa Villamossági, Gép-Waggon-és Hajógyár R.T., Budapest; a railroad car factory, an electric utilities plant, and a shipbuilding yard. The railroad car factory uses a monthly average of 2,000 tons of small grained Nógrádcoal during the summer months, and 4,000 tons during the winter. The electric utilities plant, which was expanded during 1946-47, uses approximately 800 tons of coal per month during the winter for heating purposes only. The forge of the shipbuilding yard consumes an average of 400 tons of Dorog coal during the winter months but only a small amount in the summer.

11. Hungary's production of tractors and agricultural machinery has been centered in the Hofherr-Schrantz-Clayton-Shuttleworth-Magyar Gépgyári Művek R.T., plant in Kispest. An average of 600 tons of Tata coal are consumed per month for heating purposes and in the forge.

12. Most of the power used by the Rimamurány-Salgó-Tarjáni, Vasmű R.T. plant in Salgótorjáni is supplied by the electric plant in Zagyva-Róna, the Rima power plant itself receives only a limited amount of coal and serves as a reserve source of power. The Rima plant in Ozd consumes a daily average of 600 tons of Borsód coal, which is shipped to the factory by rail.

13. An average of 3,400 tons of Tata powder coal is used by the Bauxit-Ipar R.T. aluminum factory in Magyaróvar which has an obsolete boiler requiring this type of coal. Coal is shipped to the plant by rail.

Coal Allocations to other Hungarian Industries

14. The Felten és Guilleaum Kábel-Sodrony-és Sodronykötelgyár R.T. factory and the Magyar Siemens Művek Villamossági R.T. factory in Budapest receive a monthly average of 200 tons of Tata or Dorog nut coal. Budafoki Zománcárugyár R.T., uses 100 tons of coal per month, Magyar Rezhengerművek R.T. azelőtt Chaudoir Gusztáv és társa 40 tons per month, Fuchs és Schlichter Works 45 tons per month, Permel Zománchuzalgyár R.T. 30 tons per month, Kemény Antal Szerszám és Szerszámgepgyár R.T. 20 tons per month, and Soproni Vasárugyár R.T. 60 tons per month. The following firms depend primarily on electric power and therefore consume an insignificant amount of coal; Magyar Acélárugyár R.T., Brown Boveri Művek Villamossági R.T., Csonka János Gépgyára R.T., Gamma Finommechanikai és Optikai Művek R.T., Magyar Optikai Művek R.T., Magyar Radiatorgyár R.T., Csavar és Kovácsárugyár Brevillier és Társa és Urban A. & Fiai R.T., Tudor Accumulatorgyár R.T., the Ford Motor factories and Ulrich Gyár.**** The Csonka factory stopped production of cultivators in the summer of 1948 and now produces unspecified types of motors. The wartime employment peak of the Csonka firm reached 1,050 and, by comparison, 950 workers were employed during the summer of 1948. Csonka consumes a monthly average of 45 tons of Dorog 15-30 millimeter coal. With reference to factories no longer operating, source mentioned that the Messerschmidt Aircraft factory in Gyor was destroyed during the war, the Aluminum Rolling Mill in Szekesfehérvár was dismantled by the Russians, and most of the equipment of Fémáru, Fegyver-és Gépgyár R.T. in Veszprém, Lőszermüvek R.T., Danuvia Ipari és Kereskedelmi R.T., a machine factory in Budapest, have been removed to the

15. The largest flood control stations in Hungary are located at the estuary of the Körös and Maros Rivers along the Tisza and Berettyó Rivers. Some of these stations operate with electric or gasoline driven pumps, but the majority are powered by steam. It is estimated that these stations will consume 30,000 tons of Tata, Dorog, Nógrád, and Borsód lump coal during 1949, but the requirements are dependent upon the amount and intensity of precipitation and are difficult to predict accurately. In the wet years of 1941 and 1942, 60,000 tons of coal were used while, in the dry years of 1945 and 1946, consumption totaled only a few hundred tons. Coal stocks not used by the flood control stations are distributed locally for use in agricultural machinery.

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Public Institutions

16. The estimated consumption of coal during 1949 by schools, hospitals, and buildings of the state ministries, police, army and other public institutions is 200,000 tons. Public buildings in Budapest are supplied with Tata and Dorog coal and those in other cities from mines closest to them.

Households and Private Offices

17. During 1949, 1,000,000 tons of coal are to be alloted to private residences, shops and offices. Central heating systems in apartment houses and office buildings, which normally cannot be adapted to other types of coal, will use approximately 200,000 tons of 5 to 20 mm or 20 to 40 mm Tata and Dorog coal.

Yeast and Alcohol Industry

18. It is estimated that industries in this category will use 50,000 tons of coal during the year. The largest alcohol factories in Hungary are those in Győr and Szabadhegyház, and the Gschwindt-féle Szesz-, Élesztő-, likör és rumgyar R.T. and Leipziger Vilmos Szesz-és Cukurgyára R.T. factories which also produce yeast and vinegar. The factory in Győr uses Tata coal and the Szabadhegyház plant uses Komló coal.

Breweries

19. Virtually all Hungarian beer is brewed by Dreher R.T. or Kőbányai Polgári Sör R. T., Together these plants will consume 50,000 tons of 0-20mm Nógrád coal, blended with a small amount of Tata coal, during 1949. Dreher R.T. is the biggest producer of malt in Hungary, and exports a large part of its output. Kőbányai Polgári Sör R.T. produces edible fats, soap, and glycerine in addition to beer.

Canning and Food Industry

20. The estimated consumption of coal by the canning and food industry during 1949 is 50,000 tons. The largest canning factories in Hungary are located in Budapest and Kecskemét.

21. The extraction of oil from oleaginous plants and grains is a comparatively new industry in Hungary and was developed during the recent war. The largest and best equipped plants are Hutter és Lever R.T., Szent István Tápszergyár, which is a subsidiary of Kobanyai Polgári Sör R.T., Lázár and Ofner, and the Mauthner Company, all of which are in or near Budapest. During the season 1948-1949 it was estimated that a crop yield of 200,000 tons of sunflower seeds would be obtained, yielding approximately 50,000 tons of oil. Of this total, 45 percent were to be processed by Hutter és Lever, R.T., 25 percent by Szent István Tápszergyár (SZIT), 7.5 percent by Lázár and Ofner, 5 percent by the Mauthner Company, 5 percent by Hungaria Kénsav Gyár, 2.5 percent by Titán R.T., and 10 percent by various small plants. The 50,000 ton total of sunflower oil was to be allocated as follows:

Production of edible fats	20,000 tons	20,000 tons
Production of soap and other toilet articles	12,000 tons	12,000 tons
Other products, including dyes, lubricants, and 2,000 tons of glycerine. Heretofore the output of glycerine, extracted primarily by Zent István Tápszergyar and by Hutter és Lever R.T., has not exceeded 1,000 tons in any one year.	[redacted]	6,000 tons
Exports		
Exports		
United Kingdom in compensation for textile and other machinery	4,000 tons	
Austria in compensation for cotton	3,000 ttons	
Czechoslovakia in compensation for coke	2,000	

Holland	1,000	
Other countries	2,000	
		12,000
		50,000 tons

Agricultural Machinery

22. Following the land reform in Hungary the tendency has been to replace steam operated agricultural machinery with gasoline or diesel engine machinery, and the estimated consumption of coal for agriculture has dropped to 50,000 tons during 1949.

The Administration of Hungarian Coal Resources

23. The Coal Department of the Planning Office is directed by Gabor MAROTHY-MAJOR, a mining engineer and brother of Akos MAJOR, president of the People's Courts.****** Gabor MAJOR was assigned to the Ministry of Industry in 1945, and [redacted] 25X1 hard-working and able and does not believe him to be a convinced Communist. In the summer of 1948, Odon ALIQUANDER was recalled to take charge of the Mining Department of the Ministry of Industry, a post which he had held both before and during the war. ALIQUANDER is considered to be the leading expert of the Hungarian coal industry. Endre FENYO, a cousin of Miksa FENYO, former secretary general of the Association of Manufacturers, directs the distribution of coal to Hungarian industries, [redacted] 25X1 although FENYO's wife is allegedly a Communist, he himself is not a member of the Party. At present FENYO's office handles the distribution of coal in the following manner. By the fifth day of each month, the mines submit an estimate of their total production for the next month and the industries using coal submit their requirements for the same period to the Coal Mining Administration (Szenipari Igazgatóság). The Coal Mining Administration then discusses the requirements with heads of the industrial branches and allocations are made by the twentieth of the same month.

Coal for Export and Reserve Stocks

24. [redacted] 25X1 1,180,000 tons of coal will be available for reserve stocks and export in 1949. Before the second world war, Hungary exported some coal to Slovakia, Austria, and the Bacska district of Yugoslavia. During the war, coal was exported chiefly to Slovakia and a small amount to Austria and Switzerland but only a limited amount of Hungarian coal has been exported since the war. In 1945-46 coal was shipped as reparations to Yugoslavia from the Pecs, Manyok and Tata mines, and, during 1946-47, small quantities were shipped to Yugoslavia under terms of a private commercial agreement. During 1949, the Hungarian Government plans to export surplus coal instead of lard, flour, meat and other foodstuffs which heretofore were used as compensation for mining pit props. Until recently Hungary's most important compensation agreement involving an exchange of coal for pit props has been with Slovakia, but Slovakia has gradually reduced its import of Hungarian coal because better grades are available from Poland. Most of the Hungarian coal formerly shipped to Slovakia went to a magnesite plant in Jolsva, the Budapest branch office of which is known as Fileki Iparmuvek R.T., Magnezit Ipar R.T., and to paper mills in Szlabos and Hermanec. According to the terms of this compensation agreement, the price of pit props per cubic meter was calculated to equal 2.3. tons of Nograd or 1.6 tons of Tata coal. The Hungarian railroads experienced numerous shipping problems in the fulfillment of this agreement with Slovakia, and shipments frequently came to a standstill, when railroad cars were not returned from Slovakia. To remedy this situation Gyula MOLNAR, owner of Molnar Gyula Speditions A.G., a shipping firm in Budapest, was placed in charge of coal shipments to Slovakia in 1947. MOLNAR, a relative of BEBRICS, Minister of Communications and former director of the Hungarian State Railroads, allegedly contributes a large percentage of his personal income to the Communist Party. MOLNAR was on excellent terms with the Soviet RTO, and coal shipments to Slovakia were carried out on schedule. He also handled coal

shipments to Switzerland.****** Hungary now has a compensation agreement with Austria for coal in exchange for pit props. In 1946 Austria received two and one-half tons of coal per cubic meter of pit props but this ratio was gradually reduced and, by the end of 1948, 1,2 tons of coal was exchanged for each cubic meter of Austrian pit props. Coal shipped to Austria included 80 percent 20 millimeter coal and larger grades, and 20 percent pea coal designated expressly for the Vienna Electric Works. Most of this coal came from the Tata and Dorog mines. An unknown amount of coal was also exported to Austria in exchange for mining machinery from Bochler Gebr. & Company A.G.

Hungarian Coal Economy

25. According to provisions of the Hungarian five-year plan, a marked increase in the production of coal is anticipated in the Dudar Pusztavam and Rozsaszentmarton mining areas, and some increase in the production of mines at Tata, Pecs, Ajka, and Piliszzentivan. Few changes are expected at the Dorog, Manyok Szasvar, Nograd, Borsod and Kisgyor mines because of water seepage at Dorog, and thinning of coal seams on the western side and depreciation of quality of the coal on the eastern side of the Nograd basin, make further development of these mines unprofitable. There are rich deposits of lignite at Toronya, near Szombathely, which have not been thoroughly exploited. [redacted] this deposit could supply a large power plant at some time in the future, but the Hungarian Government has not yet given serious consideration to its exploitation. Immediately after the second world war, when the coal shortage was most acute, the Hungarian Government planned wide scale exploitation of its peat deposits, but the plan has never been carried out. Recently, however, [redacted] a series of discussions regarding the proposed exploitation of peat deposits in the vicinity of Lake Balaton for the production of chemicals.

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